

3rd DECEMBER 2025

November 2025 saw mixed but generally positive performance in both Indian and US capital markets, supported by a range of macroeconomic developments and key events such as ongoing US-India trade talks, end of US government shutdown and Q2FY26 GDP data from India. Equity markets were boosted by strong earnings announcements and sectoral rallies, while fixed income markets reflected cautious investor optimism amid unchanged policy rates and yield dynamics. Commodities and currencies experienced moderate volatility influenced by geo-political factors and economic data releases.

In India, major indices posted moderate gains in November with Nifty nearing all-time high levels – briefly approaching 26,300 intraday – and Sensex recording a new all-time high of 85,720 in the end of the month. In the US equity markets, the S&P 500 rose marginally by 0.1% in November 2025, continuing a cautious but positive trajectory for the year. The Nasdaq 100, however, experienced a decline of about 1.5%, marking its first monthly drop since March, reflecting some retreat in tech-heavy and speculative stocks.

Q2FY26 GDP data for the Indian economy came in better than expected at 8.2%; CPI inflation came in at 0.25% for October 2025. India's fiscal deficit for the April-October period rose on higher capital expenditure and lower net tax revenue; the deficit now stands at 52.6% of the FY26 budget target. RBI governor hinted that there was scope for a 25-bps rate cut in December MPC meeting; however, uncertainty remains that any further rate cuts could weaken USD/INR beyond ₹90.

EQUITIES:

INDIA: Nifty 50 rose 1.9% in November 2025, reaching a 52-week high of 26,215 before closing at 26,202. IT (+3.9%), Metals (+3.6%) and Oil & Gas (+3.5%) sectors were the top performers this month; contrarily, Infrastructure (-4%), Energy (-2.4%) and FMCG (-1.3%) underperformed. The month's bullishness was supported by encouraging Q2FY26 GDP data showing continued economic expansion and positive corporate earnings announcements.

Nifty EPS rose to ₹1,149, up 1.6% from ₹1,131 on 30th September 2025, and 5.7% from ₹1,086 on 30th November 2024. FIIs showed caution, recording net inflows of ₹322 Cr for the month. However, DILs remained robust buyers with net inflows of ₹39,950 Cr (as on 2nd December 2025) for the month. Low inflation and stable crude oil prices further supported the macroeconomic backdrop, reinforcing optimistic market sentiment throughout November.

| INDICES | CURRENT | 10 YR MEDIAN | AVERAGE (SI) | COMMENT |
|-------------------------------|---------|--------------|--------------|---------------|
| NIFTY 50 (PE) | 22.8 | 23.4 | 21.0 | FAIRLY VALUED |
| NIFTY 50 (PB) | 3.6 | 3.6 | 3.6 | UNDERVALUED |
| NIFTY 50 (DIVIDEND YIELD) | 1.3 | 1.3 | 1.4 | OVERVALUED |
| NIFTY MIDCAP 150 (PE) | 33.4 | 33.9 | 31.1 | FAIRLY VALUED |
| MIDCAP 150 (PB) | 4.5 | 3.3 | 3.0 | OVERVALUED |
| MIDCAP 150 (DIVIDEND YIELD) | 0.8 | 1.0 | 1.2 | OVERVALUED |
| SMALLCAP 100 (PE) | 32.1 | 32.9 | 43.8 | UNDERVALUED |
| SMALLCAP 100 (PB) | 3.8 | 3.3 | 3.0 | OVERVALUED |
| SMALLCAP 100 (DIVIDEND YIELD) | 0.7 | 0.9 | 1.1 | OVERVALUED |
| S&P 500 (PE) | 30.7 | 25.2 | 20.4 | OVERVALUED |

Data as on 30-November-2025

As of November 30th, Nifty 50 traded at a PE ratio of 22.8, above its all-time average of 21x but still below its 10-year median of 23.4x; Nifty Midcap 150 traded at a PE of 33.4x, exceeding its all-time average of 31.1x although slightly below its 10-year median of 33.9x.

U.S.: After slumping earlier this month, equities recovered on hopes that the Federal Reserve will again cut interest rates at its meeting in December 2025. Nasdaq 100 (-1.6%), S&P 500 (+0.1%) and Dow Jones (+0.3%) exhibited volatility as a 43-day US government shutdown and worries about a potential AI bubble weighed on sentiment; Nasdaq 100 and S&P 500 ended the month at 25,434 and 6,849 while Dow Jones achieved an all-time high of 48,254 before closing at 47,716. Nasdaq 100 currently trades at 34.3x PE compared to the 10-year average of 26.3x and S&P 500 trades at 30.7x PE compared to 10-year average of 25.2x.

FIXED INCOME:

| BOND YIELD | CURRENT | 10 YR AVERAGE | AVERAGE (SI) | COMMENT |
|------------|---------|---------------|--------------|------------|
| 1 YEAR | 5.47% | 6.02% | 6.60% | OVERVALUED |
| 2 YEAR | 5.73% | 6.23% | 6.80% | OVERVALUED |
| 3 YEAR | 5.75% | 6.43% | 7.00% | OVERVALUED |
| 4 YEAR | 6.06% | 6.60% | 7.10% | OVERVALUED |
| 5 YEAR | 6.20% | 6.68% | 7.20% | OVERVALUED |
| 6 YEAR | 6.41% | 6.84% | 7.40% | OVERVALUED |
| 7 YEAR | 6.43% | 6.92% | 7.40% | OVERVALUED |
| 8 YEAR | 6.44% | 6.99% | 7.50% | OVERVALUED |
| 9 YEAR | 6.54% | 6.98% | 7.50% | OVERVALUED |
| 10 YEAR | 6.53% | 6.88% | 7.40% | OVERVALUED |

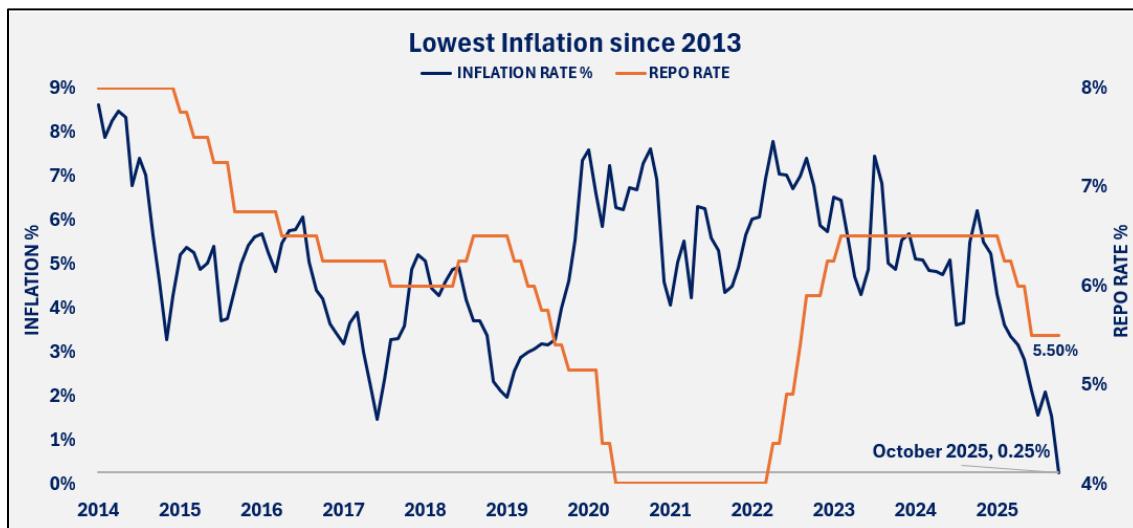
Data as on 30-November-2025

INDIA: The Indian bond market saw the yield curve flat as 10-year yield traded in a narrow range between 6.48% and 6.56%; 10-year yield closed November 2025 flat at 6.53%. With inflation and GDP numbers out, we await cues from the upcoming MPC meeting on the direction of fiscal or monetary measures to improve nominal GDP growth.

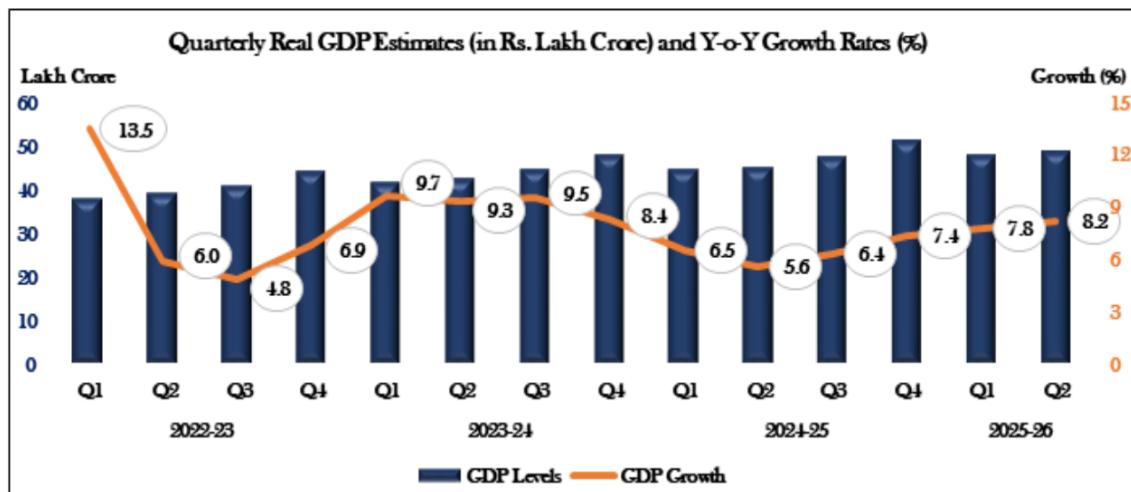
U.S.: The US 10-year Treasury yield fell marginally from 4.10% to 4.03%, reflecting cautious optimism amid steady Federal Reserve policy. As elevated inflation and unemployment loom, investor focus will remain on the odds of a rate cut at the Federal Reserve's December meeting in the week ahead.

COMMODITIES & CURRENCY: WTI crude oil prices fell by 2.6% in November 2025 from \$60.98 to \$59.41 per barrel as oil markets continue to remain substantially oversupplied – as OPEC is boosting supplies – but global demand is still tepid. The Indian Rupee faced pressure in November 2025 due to hedging pressure from the banks and concerns over increasing fiscal deficit with RBI intervening to maintain some stability; USD/INR closed the month lower from ₹88.77 to ₹89.36. The Dollar Index ended the month marginally lower with minor fluctuations amid mixed US economic data, falling 0.36% in November from 99.8 to 99.44. Gold rose 5.3% from ₹1,23,280/10g to ₹1,29,820/10g while silver rose 22.5% from ₹1,51,000/kg to ₹1,85,000/kg – reflecting investor caution with moderate demand for safe-haven assets.

ECONOMIC INDICATORS: India CPI inflation fell from 1.54% in September 2025 to 0.25% in October 2025 – the lowest since 2013. Real GDP growth in Q2FY26 came in at a six-quarter high 8.2% against 5.6% growth achieved in Q2FY25. However, due to low inflation nominal GDP growth slowed to 8.6%. Fiscal deficit stood at ₹8.25 trillion, or 52.6% of FY26 budget target compared to 46.5% of the estimate in the year-ago period; as the government appears to be spending heavily on capex to boost growth, the 4.4% target looks tough for FY26. Net GST collection y-o-y growth for November 2025 came in at 1.3% over November 2024 at ₹1.52 Lakh Cr compared to 0.6% y-o-y growth achieved in October 2025. India's unemployment rate remained unchanged at 5.2% in October 2025.



Source: Investing.com (Data as on 31st October 2025)



The US economic calendar will continue a slow normalization after the 43-day US government shutdown made data collection difficult, resulting in lags in data reporting. US unemployment rose from 4.3% in August 2025 to 4.4% in September 2025 – marking the highest level since October 2021. US inflation rose from 2.9% in August 2025 to 3% in September 2025 – the highest since January this year. With data collection difficult, investors will focus keenly on the outcome of the FOMC meeting on December 9 – 10.

OUTLOOK & STRATEGY:

Indian equities are poised for potential upside due to improving real GDP growth, corporate earnings and moderate valuations. However, slowing nominal GDP growth due to low inflation is not great news. With rates already cut by 100 bps this year, RBI may resort to more fiscal measures to infuse liquidity and boost demand. Capturing this growth is imperative for corporates to increase earnings. Our outlook on Indian equities remains unchanged – current valuations, although reasonable, warrant some caution; we recommend a staggered approach until clearer tailwinds emerge.

A rate cut by Federal Reserve and AI productivity surges could stimulate investment and boost sentiment in the US. However, economic risks, inflation uncertainties and elevated valuation point to caution. Investors should focus on high quality companies with healthy balance sheets and strong cash flows.

Gold continues to solidify its position as a hedge for capital preservation amid escalating global uncertainties. With central banks considering further rate cuts and injecting liquidity, the yellow metal may see short-term price appreciation. However, gold has had a meteoric rise since March 2025 (approx. +41%) and adding to current levels warrants caution. Our recommendation would be to continue holding gold in the portfolio and add only when there is meaningful price correction of 5% - 10%.